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UNIDO POLICIES: TRANSFER OF TECHNOLOGY

Long-term arrangements for the establishment of an International Centre for Science and High Technology

Report by the Director-General

Summary

Reviews the progress made in and considerations related to the establishment of an International Centre for Science and High Technology and presents the long-term arrangements for the implementation of the activity based on voluntary contributions to UNIDO.

CONTENTS

		Paragraphs	Page
Introduction		1 - 3	1
Chapter			
I.	PREPARATORY PHASE	4	2
II.	PILOT ACTIVITIES	5 - 6	2
III.	ESTABLISHMENT OF THE CENTRE	7 - 16	2
IV.	ACTION REQUIRED OF THE BOARD	17	4
Annex	INTERNATIONAL CENTRE FOR SCIENCE AND HIGH TECHNOLOGY - INSTITUTIONAL STRUCTURE		5

Introduction

1. In 1988, a proposal by Professor Abdus Salam (Pakistan), Nobel Laureate and President of the Third World Academy of Sciences, to establish an international centre for science and high technology (ICS) at Trieste, Italy, was welcomed and supported by the Italian Government. To this end, a project for the preparatory phase for the establishment of the ICS was entrusted to UNIDO for execution in 1990, with funds provided by Italy under their special-purpose contribution to the Industrial Development Fund (Annual Report, IDB.5/10, chap. III, para. 20). In May 1989, an additional and complementary project for pilot activities for the ICS for $10 million was approved, with funding by Italy in instalments through its special-purpose contribution to the Industrial Development Fund, within this overall figure (Annual Report, IDB.6/10, chap. III, para. 22). These UNIDO Annual Reports and earlier reports to the Industrial Development Board on development and transfer of technology have given accounts of the progress of this UNIDO activity.

2. The concept of an international centre for science and high technology is based on the realization that the frontiers of science are advancing and high technology is increasingly science-based. Chemical and materials sciences are marked by rapid scientific advances and quick commercialization and have a crucial role to play in the patterns of industrialization currently, and more so in the years to come. Materials engineering, an important tool for industrialization and development, is critically dependent on research on physical and chemical properties of materials. Earth and environment sciences are increasingly having a bearing on industrialization, on the one hand in relation to conservation of the land resources, and on the other hand with the exploitation of ocean resources. Thus, a constellation of scientific advances governs the direction of industrialization and development and the mastery of the technology required therefor. The developing countries' industrial and technological capabilities cannot be soundly built up without an adequate scientific base in pure and applied research.

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3. The proposal of Professor Salam was to establish three international institutes within the ICS, namely the international institute for pure and applied chemistry, the international institute for earth, environmental and marine sciences and technologies, and the international institute for high technology and new materials. The design of the ICS and its operation have been conceived in an integrated fashion, allowing scientific programmes to benefit from inputs from various scientific disciplines, promoting cross-fertilization and interdisciplinarity.

I. PREPARATORY PHASE

4. In the early preparatory phase of the project, intensive discussions were carried out, involving over a hundred leading scientists and technologists from both Italy and abroad (mainly developing countries). Two formal meetings were organized in 1988 for each of the proposed institutes. In addition, several informal steering committee meetings were held for each institute. Additional inputs for programme development were obtained from the Third World Academy of Science (TWAS), which has been cooperating closely in the project. The inputs obtained from the various meetings etc. were used in preparing an interim report on the ICS project, which was completed at the end of 1988. This interim report was reviewed by an independent high-level advisory panel, which included three Nobel Laureates. This advisory panel, after reviewing the interim report, gave its full support to the project. The main results of the review were:

(i) Full support for the ICS initiative which corresponds to the needs and expectations of the scientific community of developing countries and which could make a valuable contribution to the industrial and general development prospects of those countries;

(ii) Very broad agreement with the approach envisaged for the achievement of goals set by the ICS project; and, specifically

(iii) Unanimous encouragement to start, as soon as possible, pilot activities as an indispensable tool for definition of long-term programmes and for providing a basis for the establishment and operation of the ICS.

II. PILOT ACTIVITIES

5. From the outset of the project, it has been considered essential that basic scientific research activities and training should start in parallel with the process of definition and planning for the ICS. This approach seeks to maintain the momentum acquired by the project within the international scientific community as well as providing more precision for the definition of scientific activities in the longer term. A number of the research lines were started, scientific staff recruited and initial work undertaken on the creation of a network of scientific institutions in developing countries. Also, considerable scientific equipment was installed and a comprehensive computer network put in place. During 1990, 16 training courses, covering a wide range of scientific and technological subjects, were held within the framework of the ICS and were attended by 1,128 participants. For 1991, 31 conferences, workshops and training courses have been planned, several of them to be carried out in cooperation with other institutions, particularly the International Centre for Theoretical Physics (ICTP). An international course for research management is also scheduled for September 1991. Two of the training courses are to be held in Venezuela and Pakistan respectively and one conference will be held in China.

6. Coordination has been maintained with various scientific institutions, and within the United Nations system. Specifically, the ICS project and its progress has been reported to the Administrative Committee on Co-ordination (ACC) Task Force on Science and Technology for Development at its 11th session and to the Intergovernmental Committee on Science and Technology for Development in General Assembly document A/CN.11/1991/5.

III. ESTABLISHMENT OF THE CENTRE

7. The preparatory and pilot activities have confirmed the essential role that ICS can play in international cooperation in science-based high technology and the need for the continued involvement of UNIDO in its establishment and operation. To attract high-level scientists necessary for the creation of institutions of excellence, and to have an adequate impact on industrial and technological development, it is considered essential for the ICS to have long-term character. Many of the research lines take several years to establish and the availability of leading scientists for both research and training has to be assured well in advance with a contract period of sufficient duration to provide them with the necessary stability.

8. In the light of the foregoing, it is opportune to consider the long-term arrangements for the ICS. International centres of excellence are effective mechanisms of international cooperation for helping developing countries in long-term capability building in selected scientific and technological areas. Without such a capability, which will have to be built necessarily over a period of years, developing countries will not be in a position to avail themselves of new industrial technologies and products. This is of special importance for the smaller developing countries which do not have the financial and human resources for research and development in sufficient quality and magnitude. Several international centres of excellence with different juridical status have been assisted by the World Bank and the United Nations Development Programme through the Consultative Group for International Agricultural Research. Other examples include the International Centre for Insect Physiology and Ecology, the centres established by the United Nations University and the International Centre for Genetic Engineering and Biotechnology promoted by UNIDO. The UNIDO programme on development and transfer of technology as delineated in document IDB.3/26, endorsed by the Board and the General Conference, recognizes the importance of mobilizing international scientific and technological cooperation including the creation of international mechanisms (IDB.3/26, para. 19 (c)).

9. Though located in an industrialized country, the aim of the ICS is to provide, through participation in research and training, access for developing countries to state-of-the-art equipment and worldwide scientific and technical expertise. Its location at Trieste provides special advantages, as Trieste is also the home of other internationally renowned scientific and technological centres, including the International Centre for Theoretical Physics (ICTP), the International Centre for Genetic Engineering and Biotechnology (ICGEB), the Third World Academy of Sciences (TWAS), which allows interaction and synergy between the various scientific disciplines. The target beneficiaries of the ICS activities are mainly developing-country scientists and technologists. The transfer of scientific and technical knowledge is now seen as essential in ensuring the sustainable development of industry in developing countries. The strategy of the ICS is to further the utilization of applied science and the development of science-based technologies and industries through the transfer of knowledge, and the stimulation of development of research projects in developing countries. The direct relevance of the ICS activities to industrial development was one of the major considerations of the steering committees in proposing research areas. The benefits of the ICS to developing countries are direct and indirect, and through individuals and institutions. These have become evident in the pilot phase. Scientists and technologists from developing countries are able to participate in the ICS for shorter periods through training programmes and for longer periods through associateships. Such participation, inter alia, promotes interaction with and eventual affiliation of scientific and technological institutions in developing countries with the ICS. The existence of the ICS in this way will also provide an important stimulus for the development of complementary activities and institutions at the national level in the developing countries.

10. As stated earlier, the objectives and functions of the ICS were identified through a series of discussions in a number of scientific committees, with the participation of experts from several developing countries. The research lines chosen were a result of such discussions and sought to strike a balance between consolidation of some of the advanced scientific and technological activities earlier carried out ad hoc through the ICTP and taking up new lines of advanced research, which were considered of particular interest to developing countries. The Third World Network of Scientific Organizations, at its ministerial meeting in October 1988, and the South Commission have recognized and underlined the role and benefit of the ICS to the developing countries and welcomed its establishment.

11. The long-term objectives of the ICS follow largely those of the preparatory and pilot phase. Briefly:

- The ICS will aim to stimulate and promote high-level research and development activities in-house as well as in laboratories in developing countries, through training and participation in ICS research activities of scientists from those countries. The establishment of the ICS will provide an institution, to which scientists from developing countries can come to carry out long-term research at an advanced level at the frontiers of science in certain chosen fields. The transfer of scientific knowledge and techniques is of paramount importance, as the advancement thus made in the various disciplines will act as a catalyst for economic development.

- It is anticipated that the ICS will develop into a focal point which will provide, as far as possible, for the needs of scientists from developing countries with regard to literature, state-of-the-art or at least ultra-modern instrumentation, and facilities for the training of scientists and technicians.

12. The programme of the research lines of the three institutes comprising the ICS are: (a) the Institute for Pure and Applied Chemistry to cover macromolecules, catalysis, reactivity, computer chemistry, synthesis, fine pharmaceuticals and interfacial phenomena; (b) the Institute for Earth, Environmental and Marine Sciences and Technologies to cover recent advances in geophysics, prospecting, earthquake prediction and engineering, atmosphere and oceans, environmental aspects of climate, water management, expert systems for monitoring water pollution and marine research, including marine biotechnology and activities connected with mining and offshore engineering; (c) the Institute for High Technology and New Materials to cover computer science and microelectronics, lasers, fibre-optics, communication physics, superconductivity, semiconductors, composite materials and materials for energy conversion. The activities of the ICS are primarily in-house research, conferences, workshops and training courses, with increasing emphasis on cooperation with industry and developing-country institutions. It is estimated that to ensure a critical mass of effort the above programme will require resources of the order of $7 million per annum.

13. The development of international centres as institutions of excellence are very much dependent on the cooperation of the scientific and technological community and donor support. The cooperation of the scientific and technological community depends on factors such as the image of the centre as a long-term and stable venture aiming at excellence, the degree of participation afforded in the formulation of the scientific and technological programmes and the scope for the senior scientists working in the centre to carry out activities by themselves within the framework of overall objectives. Participation of eminent scientists from relevant disciplines from a wide range of countries has to be secured.

14. It is proposed that the ICS will be financed exclusively from voluntary contributions to be made to UNIDO for that purpose. Donor support from developed and developing countries is therefore crucial and in view of the need to elaborate and sustain long-term programmes, donors have to be associated at the stage of programme formulation itself, so that their priorities and the extent of their contributions are well understood. While normally in using the special-purpose contributions to the Industrial Development Fund, consultations with donors need to be undertaken on a project-by-project basis, a modality for closer interaction between the Director-General and prospective donors to the ICS is essential to obviate piecemeal and repetitive consultations.

15. The foregoing considerations have been kept in mind in extensive discussions with the representatives of the Government of Italy who have indicated that the Government of Italy will provide adequate funding for the ICS and that it is its intention to pass a law to provide regular contributions which will invest the ICS with long-term financial stability.

16. Having regard to the constitutional mandate of UNIDO, it is proposed that the appropriate modality of establishing the Centre would be through a decision by the Board to establish it as an autonomous scientific institution within the legal framework of UNIDO. The institutional structure proposed is shown in the annex.

IV. ACTION REQUIRED OF THE BOARD

17. The Industrial Development Board is invited to adopt the following decision:

"The Industrial Development Board:

(a) Takes note of the report of the Director-General on the establishment of an International Centre for Science and High Technology (ID8.8/46);

(b) Approves the establishment of an International Centre for Science and High Technology, financed exclusively by voluntary contributions to UNIDO, as an autonomous scientific institution within the legal framework of UNIDO, and with the institutional structure as stated in the annex to document ID8.8/46;

(c) Requests the Director-General to submit a report to the Board at its ninth session on the progress made in the implementation of the present decision;

(d) Invites the General Conference at its fourth session to take note of the present decision."

Annex

INTERNATIONAL CENTRE FOR SCIENCE AND HIGH TECHNOLOGY - INSTITUTIONAL STRUCTURE

General

1. The ICS will be financed exclusively from voluntary contributions to be made to UNIDO for the purpose of the ICS. No expenditure may be charged to the UNIDO regular budget except to the extent the regular budget is reimbursed for such expenditures. To reimburse the cost of administrative and other support costs by the UNIDO Secretariat, the Director-General shall determine the overhead rate at which expenditures for ICS activities shall be charged. Provision shall also be made for reserves for the liquidation of claims from staff of the ICS and from third parties. In case the United Nations or specialized or related agencies of the United Nations should wish to participate in the activities of the ICS, they would be allowed to do so in accordance with the applicable procedures and as mutually agreed.

2. The Government of Italy and UNIDO shall conclude a comprehensive seat agreement defining the objectives, the financial contributions of the Government of Italy and the legal status of the ICS and providing privileges and immunities, exemptions and benefits at a level comparable to that provided by Italy to other comparable specialized agencies of the United Nations. The comprehensive seat agreement shall also contain a description of the land and buildings which shall be placed at the disposal of UNIDO cost free for the use as premises of the ICS, in accordance with and pursuant to the terms of the agreement. Premises may be provided by the International Centre for Theoretical Physics, the Research Area of Trieste or by other Italian authorities in Trieste or in Venice, or in any other location in which the activities of the ICS will be carried out. The comprehensive seat agreement shall be concluded without delay in order to enable UNIDO to implement the institutional structure set out herein.

Director-General

3. The Director-General of UNIDO shall be the chief administrative officer of the ICS in accordance with Article 11 of the Constitution of UNIDO. In that capacity he shall ensure that the ICS is administered in accordance with the Financial and Staff Regulations and Rules of UNIDO and he may, as necessary, issue special rules and administrative instructions or circulars for the ICS. The Director-General shall appoint the Managing Director and other staff of the ICS in accordance with UNIDO's Staff Regulations and Rules.

Rector of the ICS

4. The Director-General shall nominate a Rector of the ICS, who will supervise all the scientific activities of the ICS and will be responsible for them. The Rector and the Managing Director will prepare the programme and budget of the ICS on the advice of the International Scientific Committee. The Rector will also be the Chairman of the International Scientific Committee. The scientific programmes of the ICS will be subject to his overall guidance. The Rector will be Professor Abdus Salam.

Managing Director of the ICS

5. Subject to the authority of the Director-General of UNIDO as chief administrative officer, the Managing Director shall be responsible for the management and administration of the ICS. He, and the Rector, shall prepare the programme and budget of the ICS on the advice of the International Scientific Committee (referred to below).

International Scientific Committee

6. An International Scientific Committee reflecting the relevant scientific disciplines will be constituted by the Director-General of UNIDO on the proposal of the Rector acting together with the Managing Director. The Director-General of UNIDO or his representative will participate in the work of the International Scientific Committee. The Committee will advise on the scientific aspects of the Centre's work, normally meeting at least once a year. In particular, the Committee shall review the draft programme and budget, drawn up by the Rector and the Managing Director, and make its recommendations thereon to the Director-General of UNIDO.

Steering Committee

7. There will be a Steering Committee composed of representatives of major donors and of the Director-General of UNIDO, which shall review the draft programme and budget taking into account the recommendations of the International Scientific Committee, the amount of resources offered by each donor and the priorities attached by them to the different activities of the ICS. The Steering Committee also may suggest candidates for appointment as Managing Director of ICS. The Rector and the Managing Director, shall submit the programme and budget as agreed to in the Steering Committee to the Director-General of UNIDO for his approval.

8. The secretariat services of the International Scientific Committee and the Steering Committee will be provided by the ICS.

Programme and Budget

9. The Director-General of UNIDO will establish under the Financial Regulations and Rules a special account within the IDF (for special-purpose contributions to the IDF made by the Government of Italy and other donors).

10. The ICS Programme will be for a five-year period and shall be extended biennially following UNIDO's budget cycle which commences each even calendar year. Donor commitments are expected to be made on the basis of such five-year programmes. Payments may be made on a yearly basis.

11. The Director-General of UNIDO, after consultation with the executive heads of such other specialized or related agencies of the United Nations or autonomous organizations within the United Nations, as may be contributing financially to the ICS, and with the Rector and the Managing Director of the ICS, may establish advisory panels of specialized scientists for each of the Institutes that make up the ICS.

12. Should the ICS become a direct part of the United Nations organization, this arrangement will be reviewed.

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UNIDO POLICIES: TRANSFER OF TECHNOLOGY

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Report by the Director-General

Corrigendum

Page 5, paragraph 7

Line 3: after review insert and agree on

Line 9: for also may read will

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UNIDO POLICIES

Preparatory arrangements for the Conference on Ecologically Sustainable Industrial Development

Note by the Secretariat

I. PREPARATORY ARRANGEMENTS

1. At its sixth session, the Industrial Development Board, in its decision IDB.6/Dec.7, approved the UNIDO environment programme as contained in document IDB.6/3. In that decision, the Director-General was requested, inter alia, to ensure that a broad dialogue between Member States and the Secretariat determines the guidelines for UNIDO participation and contributions to the United Nations Conference on Environment and Development, to be hosted by the Government of Brazil, in 1992.

2. In response to that request and to UNIDO's mandate as the focal point within the United Nations system for the industrialization of developing countries, UNIDO will hold the Conference on Ecologically Sustainable Industrial Development at Copenhagen, Denmark, from 14 to 18 October 1991. The conference, to a large extent financed by a special-purpose contribution by Denmark to the Industrial Development Fund, will aim to elaborate issues pertaining to the role of industry in environmental degradation and remediation. The recommendations taken by the UNIDO conference are expected to make a significant contribution to the discussion on industry at the 1992 United Nations conference and will form an input to the policy statements that are expected to emanate from the United Nations conference (Agenda 21 and the Earth Charter).

3. The Secretariat is preparing, with the aid of consultants, ten background documents, which are scheduled for distribution in July. Five of the documents deal with environment issues on a broad basis, i.e. defining ecologically sustainable industrial development and identifying barriers to its achievement, reviewing government and industry initiatives and areas of international cooperation. The other five documents are meant to serve as case studies, seen through the perspective of the above issues, of subsectors in which UNIDO has technical cooperation activities (production of alumina, pulp and paper, fertilizers, petrochemicals and leather).

4. As part of the consensus-building process for the UNIDO conference, a preparatory meeting, to which senior officials from Member States and international organizations will be invited, will be held in Vienna from 23 to 25 July 1991. UNIDO has prepared an issue paper covering the major themes to be taken up by the participants of the UNIDO conference in an effort to identify the policy conclusions that UNIDO will forward to the 1992 conference. The fourth session of the General Conference will be subsequently informed on the conclusions agreed upon at the conference in Copenhagen. Those same recommendations will also be presented to the fourth preparatory committee meeting for the 1992 conference, to be held in February/March of that year.

II. ACTION REQUIRED OF THE BOARD

5. The Board may wish to take note of the present report.

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COMPUTERIZATION PROGRAMME OF UNIDO

Incurred expenditure, April - June 1991

Submitted by the Director-General

1. In its conclusion 1991/13, the Programme and Budget Committee at its seventh session requested the Director-General, subject to the endorsement of the Industrial Development Board at its eighth session, and until that session, not to exceed an amount of $2.2 million on expenditure related to the electronic data-processing (EDP) system and to submit full details of the incurred expenditure on those operations to the eighth session of the Board.

2. Expenditure has been incurred for computer-related on-going contractual obligations for the period April - June 1991. Other expenditures are EDP-related purchases and services for items required to support the operation of the programme.

3. Details of expenditure are shown in annexes I and II and amount to $1,265,439. The difference between the amount incurred and the $2.2 million authorized by the Programme and Budget Committee is accounted for as follows:

	US$
Expenditure incurred	1,265,439
Items deferred pending decision on revised programme	388,000
Items obligated but not expended to date	153,300
Reduction in dollar terms due to exchange rate differences	219,000
Unutilized amount	174,261
Total	2,200,000

Action required of the Board

4. The Board may wish to take note of action taken by the Secretariat in the control of expenditure for payment of EDP obligations between April and June 1991.

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Annex I

EDP expenditure: contractual obligations, April - June 1991

Supplier	Description of goods/service	Object of expenditure code	Amount in US dollars
Contracts			
IBM	Mainframe lease	437	89,889
Rank Xerox	RX 4050 lease	437	13,841
Rank Xerox	RX 4090 maintenance	434	14,149
API GesmbH	Oliver	527	1,412
IBM	MVS/ESA software	527	165,802
IBM	VM XA	527	29,208
Rank Xerox	Epic	527	570
Rank Xerox	HFDL	527	208
ADV Software AG	ADABAS	527	8,814
IBM	Facilities management	438	315,369
IBM	System service agreement	434	60,212
Rank Xerox	RX 4050 maintenance	434	16,007
Alcatel Daten Systeme	Leasing training PCs	437	4,131
Dataservices GesmbH	Leasing Apple MAC PCs	437	789
Dataservices GesmbH	Leasing Apple MAC PCs	437	318
Dataservices GesmbH	Leasing 5 IBM PS/2	437	2,885
MBA GesmbH	Leasing 5 IBM PS/2 (large)	437	4,356
Olivetti GesmbH	Leasing 100 PCs	437	26,509
Olivetti GesmbH	Leasing 200 HP DJ+ printers	437	16,044
Rank Xerox	Leasing 4046 DA HR	437	1,713
Rank Xerox	Maintenance 4046 DA HR	434	1,079
Wang GesmbH	Leasing 21 PCs and printers	437	18,702
University of Vienna	EARN participation	443	1,721
Honeywell Bull	Maintenance of Bull Micral	434	384
Wang GesmbH	Wang software support	527	8,836
IBM	Network software licence	527	5,376
Computer Associates GmbH	Librarian software maintenance	527	5,573
SAS Institute	Software DM base maintenance	527	16,986
Rank Xerox	Maintenance printer sharing device	434	654
Rank Xerox	RPMF and FDP software	527	266
IBM	2 LTC maintenance	434	359
Rank Xerox	Maintenance - 12 laser printers	434	7,790
Wang GesmbH	WANG VS maintenance	434	18,357
Comparex	OMEGAMON	527	6,821
Alcatel	LTC rental	437	5,943
Alcatel	LTC maintenance	434	1,585
TSG	Maintenance - computer equipment	434	49,180
ICC, Geneva	Participation of UNIDO	935	7,875
IAEA	Computer usage	935	3,197
IBM	Manuals	532	6,148
Olivetti GesmbH	Maintenance PCs, printers	434	37,657
IBM	IBM 9370 software	527	16,197
Maschinda	Bar-code maintenance	434	420
Schiessel	Maintenance - Wang interface	434	615
Alcatel	Matrix/EPL	434	76
Telerate	Fin Market Inform Report System	437	1,600
General Electric	Geisco Network Services	443	4,348
PTT	Datex-P services	443	460
Radio Austria	Industrial Inquiries	443	179
IBM	Screenmail services	443	128
PTT	Data line for facilities management	443	83
PTT	External data communication line	443	83
PTT	Datex-P line	443	2,848
Alcatel	Dedicated equipment - lease	437	43,344
Alcatel	Dedicated equipment - maintenance	434	15,533
Comparex	OMEGAMON - price increase	527	1,549
Rank Xerox	Maintenance-20 Xerox laser printers	434	12,560
Wang	Disk drive maintenance	434	74
Honeywell Bull AG	Increase in maintenance fee for Bull Micral	434	51
IBM	Price increase network software licence fees	527	1,041
EDV Software AG	ADABAS - additional cost of software	527	738
API GesmbH	Oliver for MVS/ESA	527	334
Olivetti, Austria	Additional leasing cost for 100 PCs	437	462
Total			1,079,438

Annex II

EDP expenditure: non-contractual items, April - June 1991

Supplier	Description of goods/service	Object of expenditure code	Amount in US dollars
fa. Gruenling	Stationery	592	60,000
ICC, Geneva	Modem for UNIDO Liaison Office	620	2,273
Alcatel	Xtra PS 420 - A	434	89
GUB GesmbH	Computer table	611	447
WEIK	K-300191 labels	592	159
IAKW	Office Automation Installation	412	8,167
Fastech GesmbH	Repair of access system	415	867
IBM	Manuals	532	1,360
Olivetti	Client station installation	620	7,352
Wang	Wang Prestige Elite	592	671
Wang	LDPB DSK	592	355
PTT Austria	Data line R3271/91	443	13,365
PTT Austria	R216191 Tel line	443	385
PTT Austria	R328191 Data line	443	385
Philips	LBC 3491/10	413	274
Alcatel	Repair - software	434	388
HIROSS, Austria	Supplies	415	286
HIROSS, Austria	Supplies	415	452
SRS GesmbH	Supplies	415	597
Rank Xerox	Paper for laser printer	592	19,344
Alcatel	Software	434	236
Zurich Kosmos	Insurance	492	82
Item 2000	Stationery	592	24,590
Bürosysteme	Stationery	592	9,836
Wang	OPC kit	592	3,262
Wang	Winchester disk drive	620	2,506
MBA	Modem for treasury	620	3,860
fa. GUB	Terminal table	611	5,803
Fa. GUB	Side panels	599	852
fa. Gruenling	Data cartridge	592	139
Alcatel	Exchange motherboard	434	845
Gammag GesmbH	Software upgrade	527	7,377
fa. Schwingenschlögl Walter	IMC lan	620	412
Fa. KEG	Monitor arm for PC terminals	611	2,409
Alcatel	Xtra repair	434	111
fa. Teleges	Power Networking - blocks D and E	412	2,736
fa. Fastech	Repair door access	415	1,884
fa. Fastech	Network supplies	413	1,395
Zürich Kosmos	Insurance	492	42
Wang	Repairs	434	303
fa. Reinhart	OHP Lux	592	105
Total			186,001

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PERSONNEL MATTERS

Statement of the staff of UNIDO

Submitted by the President of the sixth Staff Council
through the Director-General

Introduction

1. In accordance with the decision of the Industrial Development Board at its first session (November 1985), the Staff Council of UNIDO is submitting a statement expressing the views of the staff of UNIDO under agenda item 10: Personnel matters.

2. Last year, the staff's statement to the Board concentrated on the independence of the international civil service, and the staff was gratified that Member States attending the seventh session of the Board took the time to discuss the various problems raised in the staff statement. The shared concern of Member States gave rise to a Board decision which called upon the Director-General, "in collaboration with the Staff Council and with the full cooperation of all Member States, to maintain the independence of the staff of UNIDO in accordance with Article 11.4 of the Constitution." In the event, such collaboration has been eclipsed by the computerization saga, the financial crisis in which the Organization once again (or rather still) finds itself, as well as the ongoing restructuring exercise. The staff, however, remains committed to the ideal of an impartial, independent organization whose employees can devote themselves to fulfilling the important mandates accorded to UNIDO, instead of having to elbow their way through a political morass.

3. On the common system level, staff members in UNIDO, like their colleagues in other duty stations, continue to be anxious about their pensions. It would be no exaggeration to say that the situation has reached alarming proportions, and that if it is not resolved, the result may be a system-wide work stoppage. The declining value of Professional salaries led staff throughout the system to believe that the Comprehensive Review of Conditions of Service of the Professional and Higher Categories would lead to significant improvements. Hopes were dashed when the review failed to come up with more than a token increase (approximately 4.5 per cent) in take-home pay. The threat of a freeze in Professional salaries later this year may prove to be the straw which breaks the camel's back. After years of patience, resignation and disappointment, the international civil service has come to the end of its tether.

4. The present statement of the staff addresses these and other concerns which the staff would like to bring to the attention of the Industrial Development Board for consideration and eventual action.

Professional salaries

5. In contrast to white- and blue-collar workers the world over, Professional staff of the United Nations system are not expected to grumble about the level of their salaries. It would appear that the mere fact of being an international civil servant should elevate staff to some idealistic plane where any discussion of salary levels is at best poor taste, and at worst an indication of reduced motivation and dedication. For many years, staff in Vienna as in other duty stations have watched the purchasing power of their salaries dwindle, while the cost of rents, schooling, consumer goods and services continued to rise. The average rental cost for newcomers in Vienna rose by 62 per cent from 1985 to 1990 and the school fees at the Vienna International School during the same period rose by 107 per cent. True, staff representatives allowed themselves the occasional grouch on behalf of their constituents, but in the main, there has been little resistance from staff to what would be viewed by even the most conservative trade union as exploitation on the part of the employer.

6. The average age of recruitment of a Professional in the UN system is around 43, with some variation from organization to organization. At that stage in life, most newly appointed staff members have school-age children, with the prospect of college education looming on the horizon. In private industry, staff who are assigned abroad for a number of years receive very generous incentives, which often include, in addition to a high salary, full reimbursement for children's educational expenses, health benefits, free accommodation or accommodation allowance. For the international civil servant the picture is gloomy: not only is there no guarantee of employment beyond the expiration of the initial contract, but there is little compensation for the absence of job security. While prospective candidates do have the possibility of weighing up the pros and cons before accepting employment in the UN system, staff caught in the trap have no

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option but to resign themselves to their lot. The threat - real or imagined - that one's contract will not be extended, has, in the past, been sufficient to quell any protests about inadequate salaries in those staff who hold fixed-term contracts. Recently, however, the situation of Professional salaries has become so gloomy that staff throughout the system, through their representative bodies, have signalled their readiness to protest unless remedial measures are undertaken.

7. Member States are well aware of the recruitment problems facing organizations such as UNIDO: indeed, certain Member States including some of the major contributors, are obliged to supplement the salaries of their nationals in order to entice them to take up posts in the UN system. The International Civil Service Commission (ICSC), which advises the General Assembly on conditions of service of the staff, including salary scales, is loath to offend its master. Consequently, its "technical" review of salaries is no more than a justification of a position already taken by Member States who would have to foot the bill in the unlikely event that the ICSC recommended a genuine rectification in the level of Professional salaries. In order for salaries in Vienna to return to their 1984 levels and taking into account inflation in Austria, there would have to be a 25 per cent increase in Professional salaries. But not only have salaries failed to keep pace with, or even tag along behind, cost of living increases in Austria, for many they have declined in real terms. Even with step increases, which are intended to reward good performance, and not compensate for inflation, many staff members are receiving today the same salaries they received in 1984. For example, a P-3 step 14 was earning only A$ 1170,- or 2 per cent more in January 1991 than he earned seven years earlier, in December 1983, despite the fact that during the period he had been granted 3 step increments and a 4.5 per cent salary increase in July 1990!

8. UNIDO is soon to undergo a major restructuring, which will call for a supreme effort on the part of each and every staff member, if it is to be accomplished smoothly and efficiently. There will be a need for adjustments to new tasks, learning of new skills, flexibility in adapting to new situations. Since the contributions of the staff in terms of time, effort and dedication will be strained to the utmost, it would not be presumptuous for staff to expect fair compensation for those efforts. It is within the mandate of the Industrial Development Board to suggest measures to remedy the situation. While it is true that as part of the common system, UNIDO cannot establish its own salary scales for Professionals, there are other ad hoc measures which could be taken. These could include the granting, on an exceptional basis, of two or more steps to each Professional staff member, a one-time bonus, or compensation for the longer working week worked in Vienna than in New York, which nevertheless serves as the comparison for the establishment of Professional salaries. As a result of a work stoppage in the International Telecommunications Union, the Governing Body agreed to the granting of a special post allowance for each Professional to the next level, as an interim measure, and to compensate for the increased workload foreseen during the forthcoming restructuring of the Organization. The staff of UNIDO would urge the Industrial Development Board to give serious consideration to the introduction of similar remedial measures in UNIDO and present its suggestions to the General Conference.

Vienna GS/MW Salary Survey

9. The General Service and Manual Worker salary survey is currently in progress, and the results of the survey will be discussed in the International Civil Service Commission in August. While the survey has in general proceeded smoothly, staff representatives are dismayed that certain proposals were put to the ICSC Secretariat behind closed doors. One proposal in particular - the creation of a 7-grade scale beginning with a G-1 grade - is an attempt on the part of the Administrations to circumvent the proper channels of staff/management negotiation. In UNIDO the G-1 grade is non-classified and non-existent while G-8 is both classified and used. Should the ICSC agree to this proposal, it is not only the staff who will suffer. The Administration will have abdicated further rights to the Commission.

Pensions

10. Unlike most pension schemes, the United Nations Joint Staff Pension Fund (UNJSPF) provides little or no security to participants retiring outside the dollar area. Significant swings in exchange rates coupled with periodic (and generally negative) revisions to the Fund's arrangement for pensions, have given rise to a growing scepticism among staff that their monthly contributions to the Pension Fund will ever secure for them adequate pensions.

11. For staff in the Professional category, the introduction of the interim currency floor protection in 1988 put an end to the gross discrepancies in the value of pensions for staff retiring at the same grade, with the same number of years' service, but on slightly different dates. Pensions are not a tombola, where a lucky participant may draw a favourable retirement benefit, while the next pulls a consolation prize. One of the principal requisites of a pension is that it provide an assured source of income after retirement, a stage in life in which careful planning is essential. It is quite unacceptable that participants in the UNJSPF should be deprived of this expectation.

12. At the forthcoming session of the Pension Board, measures will be discussed which will have an overwhelming impact both on the staff of the UN system organizations, and the organizations themselves. First, if no satisfactory alternative is found to the transitional measures which expire at the end of March 1992, there is likely to be a sudden exodus of staff throughout the system, who opt for early retirement rather than face a steep drop in their pensions. Depending on their retirement plans, more than 50 Professional staff in UNIDO could be affected. Many of these will be staff at the senior level, and with them will go a wealth of experience, expertise and leadership skills. The vacuum they leave behind cannot fail to cause serious damage to UNIDO. Secondly, the United Nations family will appear even less attractive to prospective candidates and will fail to acquire the high-level expertise necessary for the execution of its mandate. Thirdly, the demoralizing effect on staff on board of an inadequate solution should not be underestimated. The Pension Board will be looking at four options

to replace the current transitional measures. In the name of fairness, equity and in the interests of the specialized agencies, it is imperative that the so-called Option D be presented by the Board to the General Assembly at its forty-sixth session later this year. There is unanimity among the members of the Federation of International Civil Servants' Associations (FICSA) that staff representatives will support Option D to the exclusion of all others. The staff would like to believe that they have the support of their Governing Body for their legitimate right to the same treatment as their colleagues in UN Headquarters.

13. While some organizations have sat by and hoped for the best, other organizations such as the International Labour Organisation (ILO), the Food and Agricultural Organization of the United Nations (FAO) and the International Telecommunications Union (ITU) have decided to take matters into their own hands. At its recent session in June 1991, the ITU Administrative Council "resolved to adopt on an interim basis the Pension Purchasing Power Protection Insurance Plan .... for introduction on 1 April 1991, unless the United Nations General Assembly implements measures providing comparable protection". The ILO Governing Body has agreed on the introduction of a voluntary plan, and made available a starting capital of $8.5 million. The Director-General of FAO has received approval from the FAO Council to prepare cost estimates for a supplementary pension plan for submission to the FAO Conference to take place in November.

14. The only solution which would be acceptable to the members of FICSA is one which would guarantee Professional staff members retiring in high-cost countries and opting for local currency pensions, the income replacement ratio available to Professionals retiring in the United States. Failure by the General Assembly to arrive at a satisfactory solution will have very serious repercussions on Professional staff who will voice their protest in the strongest possible terms.

15. Unlike their colleagues in the Professional category, staff in the General Service category have been largely protected from threats to their pensions. While not over generous, GS pensions have been relatively free from incertitudes and have fulfilled the basic criteria of a pension: security for the future. Contrasts have been drawn between GS and Professional pensions, and much has been made of the overlap which exists as a result of fluctuating Professional pensions. It is typical of - and perhaps unique to - the United Nations that where one system is working and another floundering, it is not the one that is floundering which is adjusted to the one that is working, but the contrary. This is precisely the case of GS pensions, where an attempt is being made to cut pensions through a reduction in staff assessment and hence pensionable remuneration. There is little justification for such a move, unless it is to ensure that there should be uniformity of suffering for future retirees, regardless of category. For staff in the GS category, the predictability of pensions compensates for limited career prospects and earning capacity, and lack of access to the various allowances (education grant, home leave, repatriation grant etc) available to Professional colleagues. If the General Assembly decides to reduce the staff assessment of GS staff, it will once again be showing an inhuman disregard for the well-being of staff of the United Nations system. While it is true that some GS staff members do retire at the top of the scale, a large majority, particularly those employed in a secretarial capacity, receive relatively modest pensions, and any reduction would place an additional strain on retirees. The international civil service will not stand quietly by and watch the pensions of those at the lower end of the salary scale come under attack.

Politicization of UNIDO

16. Those who had their doubts after reading the staff's statement to the seventh session of the Board (IDB.7/38) that there was any room for UNIDO to become more political, will be surprised to hear that the picture this year is if anything slightly worse, despite improvements in some areas. As far as the Staff Council is aware, no staff member in the Secretariat is forced to contribute a part of his or her salary to the home country, so that any discrimination against staff of certain nationalities in terms of salaries has been erased. The same States which imposed salary deductions have started to relax control over their nationals, enabling them to participate more fully and on an equal footing with other staff members in the life of the Organization. These developments are very gratifying, and have been beneficial not only to the staff members concerned, but have also served to enrich the cultural mix of the Organization.

17. On the issue of secondment, however, which represented the thrust of the staff's statement to the Board last year, mixed signals have been received. Initially it appeared that those Member States which automatically considered all their nationals on secondment, whether or not they had previously been employed by the Government, were willing to relax this requirement. Staff members concerned were optimistic that they would have the choice of being on secondment, or arranging their contracts on a one-to-one basis with UNIDO. This indeed proved to be case for staff on non-geographical posts in the language sections. At last, recommendations for contract extensions could be made by supervisors on the basis of professional competence and performance. Unfortunately, the policy for extension of the contracts of staff on geographical posts continues to extend beyond the criteria of good performance, and the involvement of Member States is still very apparent. In the interests of integrity and equity, the staff of UNIDO strongly urges all Member States not to impose external restrictions on the contract extensions of their nationals, so that the universal criteria of good performance and availability of posts can be applied regardless of nationality.

18. Another internal area where political pressure from Member States has been obvious to the staff as a whole is in the promotion register. Staff have the impression that many promotions are either "bought" or at best negotiated by Member States. This not only creates a considerable amount of bitterness and resentment among staff, but is actually a grave injustice to those staff promoted as a result of such interference. It is in fact denigrating their own value as competent staff members who would, sooner or later, merit promotion in their own right. Similarly, reassignments to senior posts (thus opening the door for promotion) and superannuations are often politically inspired. The result is that some senior managers are

appointed because of their passports, rather than their suitability as managers. The trickle-down effect is dramatic.

19. Although the mechanism exists for the fair review of appointments and promotions, it is a simple matter to reduce such bodies to the role of a rubber stamp by a careful filtering of information submitted to them and a biased presentation of individual cases. Left to their own devices, it is highly likely that the Division of Personnel Services, in conjunction with the appointment and promotion bodies, would select the most appropriate candidate for a particular post, or the most deserving cases for promotion. Their hands are, however, tied. Staff involved in such bodies are often left with a bitter taste in their mouths and the impression that they have been fooled lingers long after their term of office has expired.

Status of women in the Secretariat

20. In some ways, the less said about this subject the better. Indeed, there can be few topics which could parallel the discrepancy between the amount of discussions, recommendations and resolutions, and concrete results. Suffice it to say that without a genuine commitment from senior management and Member States, women will never be allowed to play a meaningful role in UNIDO.

Staff/Management relations

21. As long as the Staff Council restricts itself to discussing the price of food in the cafeteria, or the selection of official holidays, staff/management relations in UNIDO run smoothly. However, as soon as the Staff Council, in pursuit of justice and equity, risks upsetting the delicate balance of political power within the Organization, there are serious problems. In a number of areas, the Administration pays lip service to Staff Regulation 5.1, which calls for staff involvement in all issues relating to staff welfare, conditions of work and matters of personnel policy. The requisite joint bodies are formed - but denied the power of independent decision. In other cases their work is guided by the Division of Personnel Services, acting in the name of the Director-General. Until recently, for example, and despite an obvious conflict of interests, the Secretary of the Joint Disciplinary Committee and the Joint Appeals Board was a senior member of the Division of Personnel Services, the very division which acts as prosecution in the case of the Joint Disciplinary Committee, and as defence in the case of the Joint Appeals Board. This is one of many anomolies of deep concern to the Staff Council.

22. Another hiccup in staff/management relations occurred when Management decided unilaterally to reverse a practice accepted by the common system whereby the President of the Staff Union of organizations with more than 1,000 staff members has a right to full-time release. The role of the President encompasses that of counsellor, ombudsman, staff representative on staff/management bodies as well as Chairman of the Staff Council. To condense this into a part-time job would seriously undermine the effectiveness with which any one of these tasks could be accomplished. A long-term solution to the problem would be the identification of a specific post in the budget. In the meantime, the past practice should be resumed.

Language and Documentation staff

23. Staff members of the Languages and Documentation Division of UNIDO have for five years been in an anomalous extra-legal situation because of the failure of UNIDO and the United Nations to reach agreement on a permanent conference servicing arrangement in Vienna. Since they hold United Nations contracts, they are presumably United Nations staff members. However, they are being administered by UNIDO, under the UNIDO staff rules. They have never been seconded, and so their legal status is unclear.

24. Although administrative services are provided by UNIDO, the recruitment and promotion of Professionals are said to be taking place under the United Nations vacancy management scheme, which does not easily integrate with UNIDO's arrangements, and the joint mechanism is not functioning efficiently. This has meant that a number of Professionals have been hampered in their career development both through delays in their promotion and the withholding of permanent contracts.

25. A large number of General Service staff members have been serving for years against temporary assistance because neither Organization is willing to establish posts under the current provisional arrangements. In addition, many GS staff members, although they hold United Nations contracts, cannot aspire to the permanent status for which they would have been considered, had they been working in the United Nations, instead of "serving" with UNIDO, which does not award permanent contracts.

26. A further example of the overall problem concerns the Reference and Terminology Unit. Staff in the Reference and Terminology Unit are suffering a serious health hazard as a result of the reluctance of either Organization to take responsibility for the installation of mechanically mobile shelving units until such time as a decision is taken on the future of Conference Services. In the meantime, the all-female team of reference clerks is required to shift shelving units of up to 800 kg throughout the day (and often at night), with the added risk of files falling on their heads because of the instability of the existing units.

27. If the extra-legal situation that has arisen as a result of the inability of both Organizations to negotiate a viable settlement were allowed to continue, the staff would be deprived of the channels of legal redress provided for under the Staff Rules of both Organizations. This is clearly totally unacceptable.

28. The staff of the Languages and Documentation Division is not willing to be a victim of the current conflict between the two Organizations, and is also unwilling to contemplate a further delay in the regularization of its legal and contractual status. The staff of the Languages and Documentation Division would appreciate it if the Board would review its anomolous situation in its deliberations and take all possible steps to ensure that this situation is not allowed to continue.

Restructuring of UNIDO

29. While there has been some staff consultation both at the departmental level and at the level of the Staff Council on the restructuring of UNIDO, it is regretted that there has been less involvement in the actual development of the new

structure than initially foreseen. As was stated last year, there is considerable support among the staff for the objectives which lie behind the current restructuring exercise, although this is tinged with scepticism as to whether the latest proposals contained in document IDB.8/45 will in fact meet those objectives.

30. The staff would like to stress once again one potentially dangerous weakness of the restructuring exercise. However well considered the structural changes ultimately agreed upon may be, the whole undertaking will founder unless the career development aspect of the exercise is fully taken into account. Staff will be called upon to step into new slots and continue operating at a high level without missing a beat. Indeed, they will have to continue functioning not only in terms of PAD value produced, but above all in terms of quality. If, as is sincerely hoped, the restructuring is to focus on quality, then a well designed training plan both for Professional and General Service staff will have to be devised and adequate budgetary allowance set aside for its implementation. The staff is not aware that this has yet been envisaged. Present resources are clearly inadequate for the purpose. Only a career development plan as well as adequate training can ensure the focus on excellence and merit that the staff, the Management and the Member States all have a stake in achieving. Unless such a plan is put in place at the outset of the restructuring exercise, the repercussions on the effectiveness and morale of the staff will be dire. Naturally such a plan should be drawn up in close consultation with the staff members concerned.

31. It has been repeated on several occasions that the new structure will, inter alia, create a team approach through the establishment of compact and thematically integrated units. So far there has been no indication of staff requirements, particularly of the proposed compact and thematically integrated units and their internal structure which should increase efficiency and further career development. Moreover, there is no certainty that this approach will work in practice, nor what the cost will be to the Organization in trying to establish such working arrangements at a time when UNIDO will be facing the problems resulting from the UNDP successor arrangements. The new arrangements will call for a simpler structure than the one in existence when UNIDO's main source of finance was UNDP. This implies that the Organization should strive for a substantive focus in its activities with fewer coordinating and more substantive units with an industry focus. The proposed organizational chart does not reflect sufficiently the industry orientation which should be the prime focus of UNIDO and should in fact be enhanced by the restructuring exercise.

32. It has been further stated that the proposed restructuring will create flat structures which are easier to manage and can more efficiently coordinate activities. Coordination will be secured by five layers, although this does not provide convincing evidence that there will be an improvement over the present situation. Indeed, the latest indications are that top heaviness which, in the opinion of the staff, was one of the prime reasons for the restructuring of the Organization, will remain in one form or another for purely political reasons and thus make a mockery of restructuring arguments. Similarly, it should be made clear how the proposed flat structure will be made conducive to coordination and co-operation between the main actors involved in programme/project identification, formulation, promotion and implementation, namely Industrial Policies and Programmes, Industrial Cooperation and Resource Mobilization, and Industrial Operations. It is not evident how the problem of duplication, which hampers a programme-oriented approach, has been resolved in the new structure.

33. Finally, the staff would like to reiterate a concern contained in the staff's statement to the seventh session of the Board that restructuring has, in the past, tended to disregard the human dimension. There was little, if any, involvement of the staff in the development of the new manning table, which was often perceived as paying lip service to the wishes of Member States as well as providing appropriate slots for the most senior staff already on board. The present exercise will need to be conducted with great care and caution if it is to dispel past perceptions. The Staff Council would welcome the opportunity to participate in the open-ended Working Group on a new structure for UNIDO, and provide more specific comments on questions of substance.

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Programme and Budget Committee

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Item 10 of the agenda

PROGRAMME AND BUDGETS, 1992-1993

Computerization programme of UNIDO

Progress report by the Director-General

Introduction

1. The present document is presented in response to Industrial Development Board decision IDB.8/Dec.35 paragraph (i) which requested the Director-General to report to the resumed eighth session of the Board on progress made in respect of the computerization programme of UNIDO.

I. MEETING OF THE PROJECT LIAISON COMMITTEE

2. In compliance with paragraphs (f), (g) and (h) of Board decision IDB.8/Dec.35, the Project Liaison Committee (PLC) met on 31 July 1991. The outcome of the meeting, as can be seen from annex I to the present document, was the recommendation by the Project Liaison Committee that the Secretariat adopt the programme in option 1 (PBC.7/CRP.13, section 3.1.1) proposed by the consultants, which was found by the PLC to be "technically sound and the most suitable and cost-effective programme for computerization at UNIDO that can be recommended at this time" (see annex I).

3. As indicated in the reply of the independent experts to the tasks of the PLC contained in annex II to the present document, although they themselves had not been involved, and had elected not to be involved, in the negotiations with the main supplier or other vendors, the experts recognized that good results had already been obtained in those negotiations. Negotiations with the main supplier were completed concurrent with the decision of the PLC on 31 July 1991. The outcome of those negotiations will be reflected in an addendum to the present document.

II. ACTION REQUIRED OF THE BOARD

4. The Board may wish to take note of the findings of the Project Liaison Committee in respect of the technical suitability and cost effectiveness of the EDP programme proposed by the consultants and take into consideration the recommendations contained therein when approving the revised programme and budgets, 1992-1993 (IDB.8/8/Rev.2-PBC.7/10/Rev.2).

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Annex I

OUTCOME OF THE PROJECT LIAISON COMMITTEE

Vienna, 31 July 1991

Dear Sir,

The Project Liaison Committee (PLC) met on July 31 1991 to consider further the options for the UNIDO EDP programme as requested in IDB.8/Dec.35, paragraphs (f), (g) and (h).

In the intervening period, the members of the PLC have discussed these options extensively. Touche Ross have now produced further appendices to their report elaborating these discussions and copies of the new Appendices (VII and VIII), together with a revised version of Appendix I, are attached.

Having considered these changes and additions, it is the unanimous conclusion of the Committee that:

- Option 1, proposed by Touche Ross in their Draft Final Report, is technically sound and the most suitable and cost-effective programme for computerization at UNIDO that can be recommended at this time;

- The negotiations, as reported to the Committee, conducted by the secretariat over five sessions with IBM, achieved a favourable financial outcome.

We therefore recommend that the secretariat adopt the programme proposed in the Touche Ross report.

Yours faithfully
Members of the Project Liaison Committee

(Signed)	(Signed)	(Signed)
John Greening	Bernard Adamczewski	Frederic Hassani
(Signed)	(Signed)	(Signed)
Bernard Lacrosse	Hernan Marin Guzman	Charles S. Warner

Mr. Domingo L. Siazon, Jr.
Director-General
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Annex II

REPLY OF THE INDEPENDENT EXPERTS TO THE TASKS SET FOR THE PROJECT LIAISON COMMITTEE IN IDB.8/L.37*

31 July 1991

We have examined existing proposals and observations and have reviewed a revised draft report of the consultants (IDB.8/L.37,* paragraph G). Messrs. Dasgupta and Martinez, who were unable to attend our meeting, submitted written contributions. Their conclusions are in accord with ours. Mr. Hata confirmed by fax and phone that although unable to attend he also agreed with these conclusions.

In view of the additional information provided and new arguments put forward in appendix VII of the report of the Consultants [PBC.7/CRP.13/Add.2], we agree that the Touche Ross proposal is the most suitable and cost-effective one available to UNIDO at this time (IDB.8/L.37,* paragraph F). The extensive exchange of views and additional work undertaken by both ourselves and Touche Ross greatly strengthened our confidence in the validity of the Touche Ross proposal. Appendix VII also lays down additional plans previously not fully developed.

While we have not been involved in negotiations with IBM or other vendors and understand that we shall not be involved, we have been told that good results have already been obtained (IDB.8/L.37,* paragraph H).

(Signed)	(Signed)	(Signed)
B. Adamczewski	B. Lacrosse	F. Hassani

* Document IDB.8/L.37 was superseded by decision IDB.8/Dec.35 (GC.4/4).

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PROGRAMME AND BUDGETS, 1992-1993

Computerization programme of UNIDO

Progress report by the Director-General

Addendum

Summary

Describes the outcome of negotiations with the main supplier and the potential reductions in the cost of the electronic data-processing programme. Indicates in summary terms the impact on the rest of the programme and budget proposed for the biennium 1992-1993 and suggests a revised draft conclusion for consideration by the Programme and Budget Committee and subsequent adoption by the Industrial Development Board.

CONTENTS

		Paragraphs	Page
Introduction		1 - 2	1
Chapter			
I.	POTENTIAL REDUCTIONS	3 - 6	1
II.	RESULTANT CHANGES IN THE EDP PROGRAMME	7	2
III.	OTHER CHANGES	8 - 10	2
IV.	REVISED DRAFT CONCLUSION	11	2
Annexes			
I.	Revised description of proposed EDP programme		3
II.	Revised draft conclusion		5

Introduction

1. In keeping with paragraphs (h) and (i) of decision IDB.8/Dec.35 and as indicated in paragraph 3 of document IDB.8/50-PBC.7/19, the Secretariat carried out further negotiations with the main supplier.

2. The basis for those negotiations was the revised electronic data-processing (EDP) programme as proposed by the consultants and subsequently recommended by the Project Liaison Committee which stands as a fully integrated and balanced programme constituting a coherent and inseparable whole. The essential elements of the programme are presented in appendix V to the consultants' draft final report contained in PBC.7/CRP.13/Add.1. Furthermore, as pointed out in appendix VI to the draft final report of the consultants, the revised EDP programme as presented in document IDB.8/8/Rev.1 and Rev.2 contains the key actions initially recommended in the report of the independent group of experts (IDB.8/6-PBC.7/8).

I. POTENTIAL REDUCTIONS

3. In the consultants' draft final report (documents PBC.7/CRP.13, Add.1 and Add.2), the additional costs related to the mainframe (hardware, software, operation and maintenance, including facilities management) in the EDP programme for the biennium 1992-1993 were estimated at $5.8 million. Negotiations with the main supplier have demonstrated that those estimates can be further reduced by $1.13 million (i.e. $5.80 million minus $4.67 million) through the modification of existing agreements pertaining to the mainframe hardware and software, as well as its operation and maintenance which includes facilities management. Set against the cost of current contractual obligations, the full extent of the potential reductions in the biennium 1992-1993 can be seen to be of the order of $2.5 million (see table below). As recommended by the experts in their report (IDB.8/6-PBC.7/8) and by the consultants in appendix V to their draft final report (PBC.7/CRP.13/Add.1), some of these benefits must be retained for software portfolio renewal so as to ensure operational stability and the cost-effectiveness of the programme.

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Mainframe costs of EDP programme: 1992-1993

(In millions of dollars at 1 US$ = AS 12.90)

	Current contractual obligations	Revised programme a/ based on consultants' proposals	Negotiated cost	Potential reductions (1 - 3)
	(1)	(2)	(3)	(4)
Mainframe				
Hardware	2.77	1.85	1.58	1.19
Software	1.65	1.67	0.98	0.67
Operation and maintenance	2.76	2.28	2.11	0.65
Total	7.18	5.80	4.67	2.51

a/ Contained in document IDB.8/8/Rev.1-PBC.7/10/Rev.1.

4. The modifications proposed are consistent with the consultants' recommendations and the conclusions reached by the independent experts. They will enable UNIDO to safeguard the technical soundness and continued viability of the revised programme, while ensuring increased cost-effectiveness.

5. The proposed modifications described above and the associated cost reductions can only be realized and confirmed to the main supplier once they have been agreed to by Member States. These modifications would enter into effect through a contract amendment process that has to be completed by 31 August 1991.

6. The possibility of realizing similar benefits for the biennium 1994-1995 also exists through the process of competitive bidding and negotiation for such items and services as facilities management, operation and maintenance of mainframe, office automation and network. Appendix V to the consultants' draft final report (PBC.7/CRP.13/Add.1) forecasts prospective savings of the order of $6 million for the period 1992-1995. That amount would include the figure of $2.5 million mentioned in paragraph 3 above. Furthermore, for the biennium 1994-1995, some of those benefits will have to be retained so as to implement the EDP programme recommended by the consultants and experts and endorsed by the Project Liaison Committee. However, realization of the prospective savings is contingent upon negotiations with other suppliers that are in process at present and relate to other elements of the EDP programme. These latter negotiations can only be effectively completed once the EDP programme has been approved by Member States.

II. RESULTANT CHANGES IN THE EDP PROGRAMME

7. In the event that Member States concur with the contract amendment process, the resultant changes in the paragraphs in IDB.8/8/Rev.2 describing the proposed EDP programme would be as contained in annex I to the present document.

III. OTHER CHANGES

8. If the proposed modifications are accepted, the programme and budget estimates for the biennium 1992-1993 will have to change as a result of the changes in the EDP programme indicated above.

9. The total gross appropriations will have to be reduced in both the regular (RB) and operational (OB) budgets. It is proposed to retain the same ratio of expenditures as in the original proposal between the regular and operational budget portion of the EDP non-staff costs, i.e. 68 per cent (RB) and 32 per cent (OB). Thus, the regular budget will be reduced by $866,400 at 1992-1993 rates ($771,100 + $43,400 inflation related to EDP reductions plus $49,200 + $2,700 inflation related to a corresponding adjustment to the regular programme of technical cooperation) and the operational budget by $379,000 at 1992-1993 rates ($358,900 + $20,100 inflation related to EDP reductions). Compared to the biennium 1990-1991, this represents negative growth of 0.5 per cent in the regular budget. This will also entail adjustments to the level of Member States' assessed contributions, as well as to the resource requirements of all major programmes.

10. With the adoption of the revised EDP programme recommended by the consultants and experts and endorsed by the Project Liaison Committee, firm assurances can be given that no extraordinary expenditures will be incurred beyond those authorized. Furthermore, the Secretariat will keep Member States fully apprised of the implementation of the EDP programme through periodic briefings and information notes.

IV. REVISED DRAFT CONCLUSION

11. Should the Programme and Budget Committee accept the modifications, it may wish to consider the revised draft conclusion contained in annex II to the present document on the understanding that the Secretariat would make the necessary consequential changes in the revised budget for submission to the General Conference.

Annex I

REVISED DESCRIPTION OF PROPOSED EDP PROGRAMME

(Paragraph numbers refer to those in IDB.8/8/Rev.2)

121. Pursuant to the request of the Board contained in IDB.8/Dec.35, paragraph (e), EDP costs have been consolidated by including training ($286,500) and supplies and materials ($479,100) which were previously presented under subprogrammes 811 and 845. The resource requirements for the EDP programme, including the staff costs of the Management Information Services Division, for the 1992-1993 biennium are estimated at $12,322,800. These requirements are presented net of income in the summary table below:

EDP net resource requirements, 1990-1991 and 1992-1993

(In thousands of dollars at 1991 rates)

Major object of expenditure	1990-1991 RB	1990-1991 OB	1990-1991 TOTAL	1992-1993 RB	1992-1993 OB	1992-1993 TOTAL
Staff costs	1,970.0	877.2	2,847.2	1,970.0	2,007.8	3,977.8
EDP non-staff costs	3,795.2	374.0	4,169.2	5,694.5	2,650.5	8,345.0
Total expenditures	5,765.2	1,251.2	7,016.4	7,664.5	4,658.3	12,322.8

122. A listing of resource requirements for the EDP programme for the biennium 1992-1993 are shown below, together with a projection of comparable requirements for the biennium 1994-1995:

Resource requirements - EDP programme

(In thousands of dollars at 1991 rates)

	1992-1993		1994-1995	
A. Established posts (ongoing) a/	2,847.2		2,847.2	
B. Conversion of ad hoc posts				
4 P-3 posts	626.4		626.4	
1 P-2 post	121.8		243.6	
4 GS posts	382.4		478.0	
Subtotal		1,130.6		1,348.0
C. EDP non-staff costs				
Mainframe				
Hardware	1,580.0		2,870.0	
Software	980.0		1,820.0	
Operation and maintenance	2,110.0		2,530.0	
		4,670.0		7,220.0
Office Automation				
Hardware	920.0		540.0	
Software	150.0		120.0	
Maintenance	640.0		470.0	
		1,710.0		1,130.0
Other				
Supplies and materials	479.1		470.0	
Network	410.0		520.0	
External computer costs (ICC)	70.0		70.0	
Training	286.5		280.0	
Consultancy support b/	829.4		260.0	
Software development	230.0		-	
Income	(340.0)		(340.0)	
		1,965.0		1,260.0
Subtotal		8,345.0		9,610.0
D. TOTAL		12,322.8		13,805.2

a/ In the interests of transparency, staff assigned to the end-user Departments as user coordinators in line with the recommendations of the consultants are costed as follows: 1 P-4 ($187,200), 2 P-3 ($323,000) and 1 G-7 ($102,100). The staff so assigned are mainly performing duties related to the work of their respective Departments/Divisions, hence their non-inclusion in the overall resource requirements of the EDP programme. Furthermore, a D-1 level post costed at $226,800 will be redeployed to the MIS Division at a later juncture.

b/ An amount of $109,400 included under consultancy support may be required for short-term staffing in 1992-1993 as envisaged by the consultants for specific technical assignments in support of systems maintenance and development.

Cost distribution

123. As the EDP programme provides essential services to all parts of the Organization, its costs and benefits are shared accordingly by the end users. Using the criteria of mainframe computer time usage and distribution of desktop equipment, the overall non-staff costs of the EDP programme for the biennium are apportioned among the various major programmes. All EDP-related staff costs are being shown under programme 850, Management Information Services Division, until such time as a viable chargeback system covering staff resources is adopted. The development of that chargeback system will draw on the experience of other agencies in the United Nations system, as well as on the comments submitted by the team of external auditors. New object of expenditure codes specifically designed for the EDP programme have been introduced to facilitate understanding and analysis of the various cost components while offering a global view of the programme's overall resource requirements. The distribution of the EDP-related non-staff costs among the major end users is shown below. The share of Administration in total EDP costs includes significant technical co-operation support activities such as Financial Management Technical Co-operation, Payments and Accounts, and Purchase and Contracts.

Distribution of EDP - non-staff costs

Major programme	Share (per cent)	Amount (dollars)
General Management (200)	0.8	67,200
Programme and Project Development (300)	19.4	1,629,300
Industrial Promotion, Consultations and Technology (400)	6.3	529,100
Industrial Operations (500)	22.0	1,847,700
External Relations, Public Information, Languages and Documentation Services (700)	8.0	671,900
Administration (800)	43.5	3,653,300
Subtotal	100.0	8,398,500
Non-shared Administration		
Training		286,500
Income		(340,000)
TOTAL		8,345,000

Annex II

REVISED DRAFT CONCLUSION

The Programme and Budget Committee, having considered the revised proposals of the Director-General for the programme and budgets, 1992-1993 (IDB.8/8/Rev.2-PBC.7/10/Rev.2 and relevant sections of IDB.8/8/Rev.1-PBC.7/10/Rev.1, as well as IDB.8/50/Add.1-PBC.7/19/Add.1), recommends to the Industrial Development Board the adoption of the following draft decision:

The Industrial Development Board:

(a) Examined the proposals of the Director-General for the programme and budgets, 1992-1993 (IDB.8/8/Rev.2 and relevant sections of IDB.8/8/Rev.1-PBC.7/10/Rev.1, as well as IDB.8/50/Add.1-PBC.7/19/Add.1) together with the recommendations of the Programme and Budget Committee (PBC conclusion ....);

(b) Decides to adopt for submission to the General Conference for consideration and approval the proposed programme of work and corresponding estimates for the activities to be financed from the regular and operational budgets, 1992-1993 contained in document IDB.8/8/Rev.2 and relevant sections of IDB.8/8/Rev.1-PBC.7/10/Rev.1, as well as IDB.8/50/Add.1-PBC.7/19/Add.1;

(c) Recommends to the General Conference that it appropriate on the basis of an exchange rate of US$1 = AS 12.90 a total amount of $178,440,900 for the regular budget of the Organization in 1992-1993 as follows:

	US dollars
Policy-making Organs	2,543,000
General Management	6,001,100
Programme and Project Development	32,387,000
Industrial Promotion, Consultations and Technology	16,895,500
Industrial Operations	34,569,800
Common Programmes	15,632,000
External Relations, Public Information, Language and Documentation Services	23,206,400
Administration	47,206,100
TOTAL GROSS APPROPRIATIONS	178,440,900 1/

the amounts in the appropriations to be adjusted in accordance with the adjustment formula presented at the end of the present decision, to take into account the exchange rate variations during the biennium;

(d) Recommends that the vacancy factor for Professional posts be adjusted and the appropriations revised accordingly in the event that any State announces its intention to join the Organization and is included in the scale of assessments for the fiscal period 1992-1993 adopted by the General Conference;

(e) Recommends that the foregoing appropriations be financed from:

(i) Payments of contributions by Member States, under the provision of financial regulation 5.5 (e), amounting to $176,690,300 at an exchange rate of US$1 = AS 12.90 ($19,435,900 plus the equivalent in US dollars of AS 2,028,581,760), in accordance with decisions to be adopted by the General Conference at its fourth session concerning the scale of assessments; and

(ii) Estimated miscellaneous income amounting to $1,750,600 at an exchange rate of US$1 = AS 12.90 (representing $1,325,400 plus the equivalent in US dollars of AS 5,485,080);

(f) Also recommends to the General Conference that it approve estimates of expenditure totalling $50,796,300 (calculated at the exchange rate of US$1 = AS 12.90) for the purpose of the operational budget for the biennium 1992-1993 to be financed from voluntary contributions and such other income as might be provided for in the financial regulations.

1/ Assumes ratio of expenditures of 11 per cent in United States dollars and 89 per cent in Austrian schillings at an exchange rate of US$1 = AS 12.90, in accordance with financial regulation 5.1 (d). This ratio will also be applied to the appropriation for technical co-operation.

Budgetary estimates may be subject to revision owing to changes in inflation assumptions.

Adjustment formula in US dollars

	US$		AS
Policy-making Organs	443,000	+ (	27,090,000 /R)
General Management	746,000	+ (	67,491,500 /R)
Programme and Project Development	3,841,100	+ (	368,200,100 /R)
Industrial Promotion, Consultations and Technology	2,395,100	+ (	186,633,300 /R)
Industrial Operations	3,714,900	+ (	398,121,300 /R)
Common Programmes	2,538,200	+ (	168,577,900 /R)
External Relations, Public Information, Language and Documentation Services	2,335,200	+ (	267,118,900 /R)
Administration	3,422,400	+ (	545,348,760 /R)
TOTAL NET APPROPRIATIONS	19,435,900	+ (	2,028,581,760 /R)

Note: R is the average United Nations exchange rate for Austrian schilling to US dollar, which will be experienced during 1992-1993.

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PBC.7/19/Add.2
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United Nations Industrial Development Organization

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Vienna, 23 August 1991
Item 11 (e) of the agenda

Programme and Budget Committee

Resumed seventh session (continued)
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Item 10 of the agenda

PROGRAMME AND BUDGETS, 1992-1993

Computerization programme of UNIDO

Progress report by the Director-General

Addendum

Summary

Provides further information on the total costs of the computerization programme of UNIDO and amends the draft conclusion contained in annex II of document IDB.8/50/Add.1-PBC.7/19/Add.1.

CONTENTS

		Paragraphs	Page
Introduction		1	1
Chapter			
I.	OVERVIEW OF COSTS	2 - 3	1
II.	BIENNIUM 1992-1993	4 - 5	3
III.	BIENNIUM 1994-1995	6 - 8	3
IV.	CORRECTED DRAFT CONCLUSION	9	3
Annex	Corrected draft conclusion		4

Introduction

1. The present document provides further clarification on the electronic data-processing (EDP) programme with regard to payments already made, current and future contractual obligations and the estimated total cost of the programme up to 1995. It also corrects some rounding adjustments in the estimates contained in the revised draft conclusion in annex II of IDB.8/50/Add.1-PBC.7/19/Add.1. The corrected version is attached as an annex to the present document.

I. OVERVIEW OF COSTS

2. The table below provides an overview of the costs of the EDP programme based on three scenarios: the original programme as presented in document IDB.7/31; the proposal as recommended by the consultants and presented in documents PBC.7/CRP.13, Add.1 and Add.2; and the revised cost estimates of the programme reflecting negotiations with the main supplier as contained in IDB.8/50/Add.1-PBC.7/19/Add.1.

3. As shown in the following table, expenditures on the EDP programme, excluding established posts, are expected under all three scenarios to amount to $19.84 million for the period 1989 to the end of 1991. The remaining costs for the period 1992-1995 would have amounted to close on $27.2 million for the original programme and to $23.8 million for the consultants' projected expenditures. Renegotiations with the main supplier, however, have revealed further potential cost reductions. Together with other adjustments in both staff and non-staff costs, these changes would result in remaining programme costs

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Comparison of EDP costs based on three scenarios

(In millions of dollars at an exchange rate of US$1.00 = AS 12.90)

	Original programme a/	Consultants' proposal b/	Revised programme c/
Non-staff expenditures			
1989-1991	19.84	19.84	19.84
Costs 1992-1993			
Additional staff costs	1.65	1.96	1.13 d/
Non-staff costs	11.58	10.07	8.34
Subtotal	13.23	12.03	9.47
Costs 1994-1995			
Additional staff costs	1.65	2.08	1.35 d/
Non-staff costs	9.16	9.69	9.61 e/
Subtotal	10.81	11.77	10.96
Subtotal	43.88	43.64	40.27
Established posts f/			
1992-1993	2.85	2.85	2.85
1994-1995	2.85	2.85	2.85
Additional costs estimated by consultants	3.22 g/	-	-
TOTAL	52.80	49.34	45.97

a/ IDB.7/31, table 5.

b/ PBC.7/CRP.13/Add.1.

c/ Incorporates results of negotiations with the main supplier as described in IDB.8/50/Add.1-PBC.7/19/Add.1 and paras. 4 to 6 below.

d/ Does not include a D-1 post which will be redeployed to the Management Information Systems Division at a later juncture, the biennial cost for which is $226,800.

e/ Depending on UNIDO's ability to exercise its buy-out option in 1994, this figure could be reduced by $470,000.

f/ These costs have been included pursuant to decision IDB.8/Dec.35.

g/ PBC.7/CRP.13, para. 9.1.

of $20.43 million. To these amounts should be added the costs of established posts ($5.7 million) which, prior to the adoption of decision IDB.8/Dec.35, had been excluded from the costing exercise.

II. BIENNIUM 1992-1993

4. For the biennium 1992-1993, the consultants believed that the non-staff costs could be reduced to $10.07 million from $11.58 million originally estimated. As explained in document IDB.8/50/Add.1-PBC.7/19/Add.1, the consultants' estimate included $5.8 million for contracts with the main supplier relating to mainframe operations, hardware, software, operations and maintenance. Those contracts have since been renegotiated with the main supplier for a total cost of $4.67 million. Subject to the acceptance of the revised programme, the renegotiated contracts would yield a potential cost reduction for 1992-1993 of $1.13 million compared to the consultants' estimates. When taking into account all expenditures envisaged under non-staff costs, the revised estimates are lower by $1.73 million when compared to the programme proposed by the consultants. This difference of $1.73 million can be accounted for as follows:

	$ million	
Consultants' proposal: Non-staff costs		10.07
Adjustments		
Renegotiation of contracts with main supplier	(1.13)	
Rephasing of consultants, external support and networking costs	(0.27)	
Income estimates	(0.34)	
Training and supplies	0.01	
Subtotal		(1.73)
Revised programme: Non-staff costs for 1992-1993		8.34

5. The modifications negotiated with the main supplier relate to: the termination of the licence agreement for some IBM software at the end of December 1991; rescheduling and downward adjustment of monthly payments pertaining to the agreement on systems integration; a new mix of software for the mainframe; a reduction in the scope of services to be provided under facilities management; and the merger of the contract relating to the systems service agreement with the facilities management contract.

III. BIENNIUM 1994-1995

6. The same negotiations with the main supplier will also have an impact on the biennium 1994-1995, primarily in the area of the mainframe and its operating software. The extent of the impact will depend on whether UNIDO decides to continue the lease or exercise its buy-out option for the existing mainframe. Furthermore, as mentioned in paragraph 6 of document IDB.8/50/Add.1-PBC.7/19/Add.1, the possibility exists of realizing further cost reductions through the process of competitive bidding and negotiations with all suppliers.

7. In both bienniums, the consultants recommended the establishment of additional posts to support the EDP programme. The Secretariat adopted that recommendation, but took a different approach. Instead of establishing new posts (4 P-2s and 1 D-1), it decided to assign staff in the end-user Departments to carry out EDP-related tasks as well as to redeploy, at a later juncture, a vacant D-1 post. This accounts for the difference between the additional staff costs recommended by the consultants and those described by the Secretariat in the revised programme.

8. Despite the inherent difficulties associated with forecasting the price of services, hardware and software that are likely to prevail in the biennium after next, the Secretariat, supported by expert advice, is confident that the renegotiated package offers a viable basis on which to proceed. It should be regarded as an expenditure ceiling for an effective computerization programme.

IV. CORRECTED DRAFT CONCLUSION

9. Should the Programme and Budget Committee accept the modifications, it may wish to consider the corrected draft conclusion contained in the annex to the present document on the understanding that the Secretariat would make the necessary consequential changes in the revised budget for submission to the General Conference.

Annex

CORRECTED DRAFT CONCLUSION

The Programme and Budget Committee, having considered the revised proposals of the Director-General for the programme and budgets, 1992-1993 (IDB.8/8/Rev.2-PBC.7/10/Rev.2 and relevant sections of IDB.8/8/Rev.1-PBC.7/10/Rev.1, as well as IDB.8/50/Add.1-PBC.7/19/Add.1), recommends to the Industrial Development Board the adoption of the following draft decision:

The Industrial Development Board:

(a) Examined the proposals of the Director-General for the programme and budgets, 1992-1993 (IDB.8/8/Rev.2 and relevant sections of IDB.8/8/Rev.1-PBC.7/10/Rev.1, as well as IDB.8/50/Add.1-PBC.7/19/Add.1) together with the recommendations of the Programme and Budget Committee (PBC conclusion ....);

(b) Decides to adopt for submission to the General Conference for consideration and approval the proposed programme of work and corresponding estimates for the activities to be financed from the regular and operational budgets, 1992-1993 contained in document IDB.8/8/Rev.2 and relevant sections of IDB.8/8/Rev.1-PBC.7/10/Rev.1, as well as IDB.8/50/Add.1-PBC.7/19/Add.1;

(c) Recommends to the General Conference that it appropriate on the basis of an exchange rate of US$1 = AS 12.90 a total amount of $178,440,300 for the regular budget of the Organization in 1992-1993 as follows:

	US dollars
Policy-making Organs	2,543,000
General Management	6,001,100
Programme and Project Development	32,386,900
Industrial Promotion, Consultations and Technology	16,895,400
Industrial Operations	34,569,700
Common Programmes	15,631,800
External Relations, Public Information, Language and Documentation Services	23,206,400
Administration	47,206,000
TOTAL GROSS APPROPRIATIONS	178,440,300 1/

the amounts in the appropriations to be adjusted in accordance with the adjustment formula presented at the end of the present decision, to take into account the exchange rate variations during the biennium;

(d) Recommends that the vacancy factor for Professional posts be adjusted and the appropriations revised accordingly in the event that any State announces its intention to join the Organization and is included in the scale of assessments for the fiscal period 1992-1993 adopted by the General Conference;

(e) Recommends that the foregoing appropriations be financed from:

(i) Payments of contributions by Member States, under the provision of financial regulation 5.5 (e), amounting to $176,689,700 at an exchange rate of US$1 = AS 12.90 ($19,435,900 plus the equivalent in US dollars of AS 2,028,574,020), in accordance with decisions to be adopted by the General Conference at its fourth session concerning the scale of assessments; and

(ii) Estimated miscellaneous income amounting to $1,750,600 at an exchange rate of US$1 = AS 12.90 (representing $1,325,400 plus the equivalent in US dollars of AS 5,485,080);

(f) Also recommends to the General Conference that it approve estimates of expenditure totalling $50,795,900 (calculated at the exchange rate of US$1 = AS 12.90) for the purpose of the operational budget for the biennium 1992-1993 to be financed from voluntary contributions and such other income as might be provided for in the financial regulations.

1/ Assumes ratio of expenditures of 11 per cent in United States dollars and 89 per cent in Austrian schillings at an exchange rate of US$1 = AS 12.90, in accordance with financial regulation 5.1 (d). This ratio will also be applied to the appropriation for technical co-operation.

Budgetary estimates may be subject to revision owing to changes in inflation assumptions.

Adjustment formula in US dollars

	US$		AS	
Policy-making Organs	443,000	+ (	27,090,000	/R)
General Management	746,000	+ (	67,491,500	/R)
Programme and Project Development	3,841,100	+ (	368,198,810	/R)
Industrial Promotion, Consultations and Technology	2,395,100	+ (	186,632,010	/R)
Industrial Operations	3,714,900	+ (	398,120,010	/R)
Common Programmes	2,538,200	+ (	168,575,320	/R)
External Relations, Public Information, Language and Documentation Services	2,335,200	+ (	267,118,900	/R)
Administration	3,422,400	+ (	545,347,470	/R)
TOTAL NET APPROPRIATIONS	19,435,900	+ (	2,028,574,020	/R)

Note: R is the average United Nations exchange rate for Austrian schilling to US dollar, which will be experienced during 1992-1993.

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Item 10 of the agenda

PROGRAMME AND BUDGETS, 1992-1993

Renewal of membership of Australia

Note by the Director-General

1. The Director-General has been informed by the Government of Australia that Australia intends to renew its membership in UNIDO as of 1 January 1992. The text of a letter to that effect dated 21 August 1991 from the Permanent Mission of Australia to the United Nations, Vienna, is attached as annex I to the present document.

2. As reflected in document IDB.8/8/Rev.1-PBC.7/10/Rev.1, the proposed programme and budget estimates for 1992-1993 were prepared maintaining a 9 per cent vacancy factor for regular budget Professional-level posts, which was introduced in the 1990-1991 budget to offset the loss of contributions income resulting from the withdrawal of Australia as a Member State of UNIDO for that biennium (cf. General Conference decision GC.3/Dec.23, para. (e)).

3. The present note constitutes a proposal by the Director-General for a revised budgetary estimate for the 1992-1993 biennium that takes into account the restoration of the vacancy factor to the standard rate of 5 per cent, based on the assumption that Australia will resume its membership as of 1 January 1992.

4. Annex II to the present document contains a draft conclusion to reflect the changes to the proposed regular budget estimates resulting from the change in the vacancy factor and the inclusion of Australia as a Member State in 1992. Included in annex II is a scale of assessments based on the current membership of UNIDO as well as Australia.

Annexes

I. Letter from the Permanent Mission of Australia to the United Nations, Vienna

II. Draft conclusion

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Annex I

PERMANENT MISSION OF AUSTRALIA
TO THE UNITED NATIONS
VIENNA

21 August 1991

Mr. D. L. Siazon Jr
Director-General
United Nations Industrial
Development Organization
Room D2265
Vienna International Centre

Dear Mr. Siazon

I write to advise that on the 20th of August 1991 the Australian Government announced its intention to resume its membership of the United Nations Industrial Development Organization from the 1st of January 1992.

Formal notification of Australia's intentions will be announced at the resumed sessions of the Programme and Budget Committee and the Industrial Development Board on the 23 August 1991.

Yours sincerely,

(Signed) E.A. Schick
Acting Permanent
Representative

Annex II

DRAFT CONCLUSION

The Programme and Budget Committee recommends to the Industrial Development Board the adoption of the following draft decision:

"The Industrial Development Board:

"(a) Notes the intention of the Government of Australia to renew Australia's membership in UNIDO as of 1 January 1992;

"(b) Recalls that, in accordance with financial regulation 5.6, new Members shall be required to make a contribution to the regular budget for the year in which they become Members and to provide their proportion of the total advances to the Working Capital Fund at rates to be determined by the General Conference;

"(c) Adopts and recommends to the General Conference that it approve the following adjustments to the regular budget for 1992-1993 as adopted in decision [IDB.8/Dec...], which shall take effect upon Australia becoming a Member of UNIDO in 1992;

(i) The vacancy factor rate for Professional-level posts shall be reduced from 9 per cent to the standard vacancy factor rate of 5 per cent;

(ii) The total gross appropriation shall be adjusted accordingly from $178,440,300 to $181,776,700 as follows:

	US dollars
Policy-making Organs	2,543,000
General Management	6,139,300
Programme and Project Development	33,189,700
Industrial Promotion, Consultations and Technology	17,322,800
Industrial Operations	35,560,000
Common Programmes	15,832,100
External Relations, Public Information, Language and Documentation Services	23,682,500
Administration	47,507,300
TOTAL GROSS APPROPRIATIONS	181,776,700

the amounts in the appropriations to be adjusted in accordance with the adjustment formula presented at the end of the present decision, to take into account the exchange rate variations during the biennium;

"(d) Approves and recommends to the General Conference that it approve that the foregoing appropriations be financed from:

(i) Payments of contributions by Member States, under the provision of financial regulation 5.5(e), amounting to $180,026,100 at an exchange rate of US$1 = AS 12.90 ($19,802,900 plus the equivalent in US dollars of AS 2,066,879,280), in accordance with the scale of assessments adjusted to take into account the membership of Australia, as shown in the following annex;

(ii) Estimated miscellaneous income amounting to $1,750,600 at an exchange rate of US$1 = AS 12.90 (representing $1,325,400 plus the equivalent in US dollars of AS 5,485,080).

Adjustment formula in US dollars

	US$		AS	
Policy-making Organs	443,100	+ (	27,088,710	/R)
General Management	763,600	+ (	69,346,530	/R)
Programme and Project Development	3,923,900	+ (	377,528,820	/R)
Industrial Promotion, Consultations and Technology	2,449,300	+ (	191,868,150	/R)
Industrial Operations	3,793,600	+ (	409,786,560	/R)
Common Programmes	2,559,000	+ (	171,222,990	/R)
External Relations, Public Information, Language and Documentation Services	2,387,900	+ (	273,218,130	/R)
Administration	3,482,500	+ (	546,819,390	/R)
TOTAL NET APPROPRIATIONS	19,802,900	+	(2,066,879,280	/R)

Note: R is the average United Nations exchange rate for Austrian schilling to US dollar, which will be experienced during 1992-1993."

Annex

SCALE OF ASSESSMENTS FOR 1992 AND 1993
(Percentage)

States	UNITED NATIONS		UNIDO
	Rates for Member States a/ (1)	Rates for non-Member States b/ (2)	Rates for Member States: (1) or (2) multiplied by co-efficient 0.991058 c/ (3)
Afghanistan	0.01		0.01
Albania	0.01		0.01
Algeria	0.15		0.15
Angola	0.01		0.01
Argentina	0.66		0.65
Australia	1.57		1.55
Austria	0.74		0.73
Bahamas	0.02		0.02
Bahrain	0.02		0.02
Bangladesh	0.01		0.01
Barbados	0.01		0.01
Belgium	1.17		1.16
Belize	0.01		0.01
Benin	0.01		0.01
Bhutan	0.01		0.01
Bolivia	0.01		0.01
Botswana	0.01		0.01
Brazil	1.45		1.44
Bulgaria	0.15		0.15
Burkino Faso	0.01		0.01
Burundi	0.01		0.01
Byelorussian Soviet Socialist Republic	0.33		0.33
Cameroon	0.01		0.01
Canada	3.09		3.06
Cape Verde	0.01		0.01
Central African Republic	0.01		0.01
Chile	0.08		0.08
China	0.79		0.78
Colombia	0.14		0.14
Comoros	0.01		0.01
Congo	0.01		0.01
Costa Rica	0.02		0.02
Côte d'Ivoire	0.02		0.02
Cuba	0.09		0.09
Cyprus	0.02		0.02
Czechoslovakia	0.66		0.65
Democratic People's Republic of Korea		0.05	0.05
Denmark	0.69		0.68
Dominica	0.01		0.01
Dominican Republic	0.03		0.03
Ecuador	0.03		0.03
Egypt	0.07		0.07
El Salvador	0.01		0.01
Equatorial Guinea	0.01		0.01
Ethiopia	0.01		0.01
Fiji	0.01		0.01
Finland	0.51		0.51
France	6.25		6.19

Gabon	0.03	0.03
Gambia	0.01	0.01
Germany	9.36	9.28
Ghana	0.01	0.01
Greece	0.40	0.40
Grenada	0.01	0.01
Guatemala	0.02	0.02
Guinea	0.01	0.01
Guinea-Bissau	0.01	0.01
Guyana	0.01	0.01
Haiti	0.01	0.01
Honduras	0.01	0.01
Hungary	0.21	0.21
India	0.37	0.37
Indonesia	0.15	0.15
Iran (Islamic Republic of)	0.69	0.68
Iraq	0.12	0.12
Ireland	0.18	0.18
Israel	0.21	0.21
Italy	3.99	3.95
Jamaica	0.01	0.01
Japan	11.38	11.28
Jordan	0.01	0.01
Kenya	0.01	0.01
Kuwait	0.29	0.29
Lao People's Democratic Republic	0.01	0.01
Lebanon	0.01	0.01
Lesotho	0.01	0.01
Liberia	0.01	0.01
Libyan Arab Jamahiriya	0.28	0.28
Luxembourg	0.06	0.06
Madagascar	0.01	0.01
Malawi	0.01	0.01
Malaysia	0.11	0.11
Maldives	0.01	0.01
Mali	0.01	0.01
Malta	0.01	0.01
Mauritania	0.01	0.01
Mauritius	0.01	0.01
Mexico	0.94	0.93
Mongolia	0.01	0.01
Morocco	0.04	0.04
Mozambique	0.01	0.01
Myanmar	0.01	0.01
Namibia	0.01	0.01
Nepal	0.01	0.01
Netherlands	1.65	1.63
New Zealand	0.24	0.24
Nicaragua	0.01	0.01
Niger	0.01	0.01
Nigeria	0.20	0.20
Norway	0.55	0.54
Oman	0.02	0.02
Pakistan	0.06	0.06
Panama	0.02	0.02
Papua New Guinea	0.01	0.01
Paraguay	0.03	0.03
Peru	0.06	0.06
Philippines	0.09	0.09
Poland	0.56	0.55
Portugal	0.18	0.18
Qatar	0.05	0.05

Republic of Korea		0.22	0.22
Romania	0.19		0.19
Rwanda	0.01		0.01
Saint Kitts and Nevis	0.01		0.01
Saint Lucia	0.01		0.01
Saint Vincent and the Grenadines	0.01		0.01
Sao Tome and Principe	0.01		0.01
Saudi Arabia	1.02		1.01
Senegal	0.01		0.01
Seychelles	0.01		0.01
Sierra Leone	0.01		0.01
Somalia	0.01		0.01
Spain	1.95		1.93
Sri Lanka	0.01		0.01
Sudan	0.01		0.01
Suriname	0.01		0.01
Swaziland	0.01		0.01
Sweden	1.21		1.20
Switzerland		1.08	1.07
Syrian Arab Republic	0.04		0.04
Thailand	0.10		0.10
Togo	0.01		0.01
Tonga		0.01	0.01
Trinidad and Tobago	0.05		0.05
Tunisia	0.03		0.03
Turkey	0.32		0.32
Uganda	0.01		0.01
Ukrainian Soviet Socialist Republic	1.25		1.24
Union of Soviet Socialist Republics	9.99		9.90
United Arab Emirates	0.19		0.19
United Kingdom of Great Britain and Northern Ireland	4.86		4.82
United Republic of Tanzania	0.01		0.01
United States of America	25.00		25.00
Uruguay	0.04		0.04
Vanuatu	0.01		0.01
Venezuela	0.57		0.56
Viet Nam	0.01		0.01
Yemen	0.01		0.01
Yugoslavia	0.46		0.45
Zaire	0.01		0.01
Zambia	0.01		0.01
Zimbabwe	0.02		0.02
Total	99.31	1.36	100.00

a/ Temporarily based on General Assembly resolution 43/223 A, para. 1; column (1) covers Member States of the United Nations that are members of UNIDO as at 20 August 1991. Australia is also included on the assumption of renewed membership effective 1992.

b/ Temporarily based on General Assembly resolution 43/223 A, para. 3; column (2) of the present annex covers non-Member States of the United Nations that are Members of UNIDO as at 20 August 1991.

c/ Coefficient is not applied to Member States with assessment rates of 0.01% or 25.00%.